

FISCAL NOTE

SB 1239 - HB 1225

February 26, 2005

SUMMARY OF BILL: Changes the gasoline privilege tax from 20 cents per gallon to 10 percent per gallon of the retail sale price. Changes the motor fuel (diesel) use tax from 17 cents per gallon to 10 percent per gallon of the retail sale.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues – \$2,830,000/General Fund
\$84,760,000/Highway Fund
\$14,360,000/Debt Service Fund

Increase State Expenditures – \$90,000 Recurring/General Fund
\$800,000 One-Time/General Fund

Decrease Local Govt. Revenues – Exceeds \$53,650,000

Assumptions:

- Retail sale is defined as the sale or distribution price of petroleum products to the end user within this state before state or federal taxes are imposed.
- FY06 tax collections for gasoline and motor fuel (diesel) are estimated at \$616.1 million and \$176.7 million, respectively (\$792.8 million combined).
- FY06 gasoline tax appropriations are 1.8% to the General Fund, 46.6% to the Highway Fund, 38.2% to local governments, and 13.4% to the Debt Service Fund.
- FY06 motor fuel tax appropriations are 1.9% to the General Fund, 71.9% to the Highway Fund, and 26.3% to local governments.
- FY06 fuel consumption is estimated at 3,080.5 million gallons of gasoline and 1,039.4 million gallons of diesel fuel.
- Estimated prices per gallon of gasoline and diesel fuel (prior to any state or federal taxes) are \$1.652 and \$1.234 respectively.
- Estimated revenues generated from the 10% excise tax on gasoline and the 10% use tax on diesel fuel are approximately \$508.9 million and \$128.3 million respectively (\$637.2 million combined).
- Decrease in state revenue is estimated at \$107.2 million.
- Decrease in local government revenues is estimated at \$48.4 million.

- Enactment of this bill would result in administrative costs for the Department of Revenue including form changes, software upgrades, computer programming modifications, and a minimum of three additional staff members.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a more compact, stylized manner.

James W. White, Executive Director